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JACK ANDERSON and JOSEPH SPEAR

Md. Bank Tied to CIA Arms Deals

The crash last week of a "mystery plane" carrying guns for the Nicaraguan counterrevolutionaries, or contras, shed some unwelcome light on the shady reality of international arms smuggling. The Central Intelligence Agency stoutly denied any hand in the incident, but the denial was greeted with widespread skepticism.

It is rare indeed that CIA involvement in the murky world of arms trading can be pinpointed beyond a reasonable doubt. But bills of lading, purchase orders, bank records and other documents obtained by our associates Corky Johnson and Donald Goldberg show conclusively that a respected Maryland bank was caught up in the web of clandestine CIA arms deals.

The documents show that for more than 10 years the First National Bank of Maryland in Baltimore has been the transfer point for millions of CIA dollars used to buy and ship military hardware around the world. Two transactions in 1982 and 1983 involved the shipping of about 100,000 rifles, worth \$5 million, to ports indicating that the weapons may have been delivered to CIA-supported rebel groups in Nicaragua, Angola and Afghanistan.

The two companies that carried out the transactions were Associated Traders Corp. of Baltimore and the Washington, D.C., office of Sherwood International Corp., a Los Angeles-based licensed arms exporter. Associated Traders used First National Bank to make payments to Sherwood for handling the arms shipments.

Associated Traders is a CIA "front," our sources

have confirmed. It was incorporated in 1969 as a Baltimore firm, but now operates in Vienna, Va., not far from CIA headquarters, in a building that houses classified federal government operations.

Robert Maxwell, a former First National senior executive, acknowledged that the bank handled the Associated Traders account with the clear understanding that the company was really the CIA.

Maxwell told us he was instructed by his bosses to do "whatever Associated Traders requested." The requests included hidden financial transfers of dubious legality. Associated transferred huge sums to offshore banks in the Cayman Islands, then to banks in Panama and finally to Switzerland, to make arms purchases difficult to trace.

Maxwell said the money laundering sidestepped normal banking procedures and may have violated federal laws, including the Bank Secrecy Act.

In a memo to his superiors in February 1985, Maxwell said an Associated employee "expressed concern at having the comptroller of the currency or any type of federal investigation learning about Associated Traders" and added: "I question if our bank should be involved."

Maxwell also complained about Associated Traders' practice of transferring large amounts without identifying itself in the authorization.

For his own protection, Maxwell demanded written authorization from his superiors to handle Associated's "requests." When he failed to get the written authorization, Maxwell resigned.

Footnote: CIA, Associated Traders, Sherwood International and First National Bank officials refused comment.